

Message Text

CONFIDENTIAL

PAGE 01 STATE 170052
ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

66011
DRAFTED BY EUR/EE:SFROMOWITZ:DJW
APPROVED BY EUR/EE:CWSCHMIDT
S/S-O:JETHYDEN
EUR:RDVINE

-----008858 210258Z /61

P 210115Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 170052

STADIS/////////
EXDIS

FOLLOWING REPEAT BELGRADE 4748 ACTION SECSTATE 14 JUL 77

QUOTE

C O N F I D E N T I A L BELGRADE 4748

STADIS

EXDIS

FOR ASSISTANT SECRETARY KATZ, EB, FROM AMBASSADOR

EO 11652: GDS
TAGS: EINV, YO
SUBJ: YUGOSLAV ELIGIBILITY FOR OPIC INSURANCE

1. I CAN UNDERSTAND THE REASONS THAT IMPEL THE ADMINISTRATION
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 170052

TO SEEK TO CONCENTRATE OPIC'S PROGRAMS ON THE POORER LDC'S.
OUR RESOURCES ARE FINITE AND THE NEEDIEST HAVE THE GREATEST
CLAIM ON OUR SYMPATHIES AND THE GREATEST NEED FOR OUR HELP.
WHETHER OPIC IS ENTIRELY SUITABLE AS A DEVELOPMENTAL
INSTITUTION IS ANOTHER QUESTION; ONE I DON'T PROPOSE TO
ARGUE HERE. WHAT I THINK SHOULD BE BORNE IN MIND, HOWEVER,
IS THE REAL ROLE THAT OPIC HAS ALREADY PLAYED IN COUNTRIES

TOWARDS THE MORE PROSPEROUS END OF THE LDC SCALE, SUCH AS YUGOSLAVIA, AND THE NEED TO PRESERVE ENOUGH FLEXIBILITY IN OPIC'S FUTURE OPERATIONS TO ALLOW THAT ROLE TO CONTINUE.

2. I AM STRUCK, AND CHARLIE YORK WHO HAS HAD EXTENSIVE EXPERIENCE HERE SHARES MY VIEW, BY THE CATALYTIC ROLE OF OPIC INSURANCE IN FOSTERING U.S.-YUGOSLAV JOINT VENTURES. THE YUGOSLAV LAW ON JOINT VENTURES WENT ON THE BOOKS IN 1967, BUT UNTIL OUR INVESTMENT GUARANTEE AGREEMENT IN 1973, IT WAS VIRTUALLY A DEAD LETTER FOR U.S. FIRMS. SINCE 1973, THE PACE HAS NOTICEABLY QUICKENED. OF THE 17 U.S. JOINT VENTURES IN OPERATION, OUR RECORDS SHOW 13 ARE COVERED BY OPIC INSURANCE. EVEN IN THOSE INSTANCES WHERE OPIC INSURANCE IS NOT OPERATIVE, EXECUTIVES OF FIRMS INVOLVED HAVE TOLD US THAT AVAILABILITY OF OPIC INSURANCE WAS A FACTOR IN INITIALLY CONSIDERING YUGOSLAVIA AS A POTENTIAL SITE FOR INVESTMENT, EVEN IF IN THE END THEIR COMMERCIAL JUDGMENT WAS THAT COVERAGE WAS UNNECESSARY. WE SEE REAL PROSPECTS FOR A NUMBER OF ADDITIONAL JOINT VENTURES HERE, SPARKED BY THE EXAMPLE OF THE RECENT MAJOR AGREEMENTS WITH DOW AND GENERAL MOTORS. CUTTING OFF YUGOSLAVIA FROM THE LIST OF OPIC-ELIGIBLE COUNTRIES WOULD ALMOST CERTAINLY ABORT THIS POSITIVE DEVELOPMENT.

3. I WOULD SEE NO WAY TO PERSUADE THE GOY THAT THEIR
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 170052

EXCLUSION FROM OPIC COVERAGE WAS ANTHING BUT A CALCULATED REBUFF. THE FACT THAT A FORMAL AGREEMENT EXISTS WITH OPIC, WHICH OF NECESSITY WE WOULD NEED TO DENOUNCE, WOULD INTENSIFY THE BLOW, RECALLING FOR THEM ALL TOO VIVIDLY OUR KRSKO EMBROGLIO.

4. NOR, IS OUR BILATERAL RELATIONSHIP DEVOID OF OTHER HASSLES. THE SUPERGUARANTEE ISSUE, EMIGRE TERRORISM AGAINST YUGOSLAV INSTALLATIONS AND NATIONALS IN THE U.S. AND THE MONUMENT TO MIHAILOVIC HAVE COMBINED IN RECENT WEEKS TO TARNISH THE POSITIVE RESULTS OF VICE PRESIDENT MONDALE'S VISIT. THE VIEW THAT ALL THESE ISSUES ARE LINKED MAY BE PARANOID; IT IS A FACT THAT MANY YUGOSLAVS BELIEVE IT. TO ADD A DISPUTE OVER OPIC TO THE SCALES IS DEFINITELY SOMETHING I CAN DO WITHOUT.

5. I HOPE THAT YOU'LL PUSH HARD FOR FLEXIBILITY IN NEW OPIC LEGISLATION. A NATIONAL INTEREST ESCAPE CLAUSE FROM WHATEVER CEILING IS AGREED COMES TO MIND IMMEDIATELY, BUT THERE MAY BE OTHER WAYS TO SKIN THE CAT. THE POINT IS THAT THE PROGRAM HAS SUCCEEDED

HERE, AND WE'D BE WELL ADVISED TO PRESERVE, NOT THROW
AWAY, OUR SUCCESSES.
EAGLEBUGER.
UNQUOTE VANCE."

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, LESS DEVELOPED COUNTRIES, ECONOMIC DEVELOPMENT, INVESTMENT GUARANTEES
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jul-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE170052
Document Source: CORE
Document Unique ID: 00
Drafter: SFROMOWITZ:DJW
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770258-0955
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770733/aaaabcav.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 74d9ea65-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS, STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1789194
Secure: OPEN
Status: NATIVE
Subject: YUGOSLAV ELIGIBILITY FOR OPIC INSURANCE
TAGS: EINV, YO
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/74d9ea65-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009